

SPP-NTC-200273

**SPP
Notification to Construct**

May 21, 2014

Mr. Shawn Robinson
American Electric Power
212 E. 6th St.
Tulsa, OK 74119

RE: Notification to Construct Approved High Priority Upgrades

Dear Mr. Robinson,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VI, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing American Electric Power ("AEP"), as agent for Public Service Company of Oklahoma, Southwestern Electric Power Company, and AEP Oklahoma Transmission Company, as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is conditioned upon AEP not ordering materials or beginning construction until:

- (1) the DTO submits a refined NTC-C Project Estimate ("CPE") to SPP that has a variance bandwidth of -20% to +20% that does not exceed the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices; or
- (2) the SPP Board of Directors considers SPP's re-evaluation of a project that has a refined CPE from the DTO that exceeds the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices.

On April 29, 2014, the SPP Board of Directors approved the High Priority Incremental Load Study ("HPILS"). The Network Upgrade(s) listed below were included in Appendix C of the HPILS report and are to be constructed.

New Network Upgrades

Project ID: 30619

Project Name: Line - Darlington - Roman Nose 138 kV Ckt 1

Need Date for Project: 6/1/2015

Estimated Cost for Project: \$26,416,440 (this project cost contains Network Upgrades not included in this NTC)

SPP-NTC-200273

Estimated Cost Source: AEP

Date of Estimated Cost: 3/4/2014

Network Upgrade ID: 50802

Network Upgrade Name: Darlington - Roman Nose 138 kV Ckt 1 (AEP)

Network Upgrade Description: Construct new 138 kV line from Darlington to Roman Nose. The total estimated length of the Darlington to Roman Nose line is 25 miles. AEP and Oklahoma Gas and Electric Co. shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each DTO's portion of the Network Upgrades, to SPP in its response to this NTC.

Network Upgrade Owner: AEP

MOPC Representative(s): Paul Johnson, Richard Ross, Terri Gallup

TWG Representative: Matthew McGee

Categorization: High priority

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 316 MVA.

Network Upgrade Justification: To address needs identified in the HPILS.

Cost Allocation of the Network Upgrade: Base Plan

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this NTC, pursuant to Attachment O, Section VI.6 of the SPP OATT, in addition to providing a construction schedule. Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

CPE

Please provide SPP a CPE by November 21, 2014, as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. AEP shall advise SPP of any inability to provide the CPE by November 21, 2014, as soon as the inability becomes apparent.

Removal of Conditions

Upon notice by SPP of removal of the conditions contained in this NTC, SPP will issue the DTO a new NTC and the following will be applicable:

Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for formulation and approval of any necessary mitigation plans for the Network Upgrade(s) included in the Network Upgrade(s) if the Need Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date, SPP requires a mitigation plan be filed within 60 days of the

SPP-NTC-200273

determination of expected delays.

Notification of Commercial Operation

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

Notification of Progress

On an ongoing basis, please keep SPP advised of any inability on AEP's part to complete the approved Network Upgrade(s). For project tracking, SPP requires AEP to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, AEP shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

A handwritten signature in black ink that reads "Lanny Nickell".

Lanny Nickell
Vice President, Engineering
Phone: (501) 614-3232 • Fax: (501) 482-2022 • lnickell@spp.org

cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Bob Bradish - AEP
Paul Johnson - AEP
Richard Ross - AEP
Terri Gallup - AEP
Scott Rainbolt - AEP
Matt McGee - AEP